

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Fairhaven Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: October 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.25% to 7.15% and an adjustment to the fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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**Fairhaven Retirement System
January 1, 2020 Actuarial Valuation**

Total appropriation increases 5.0% each year through FY33, with a final amortization payment in FY34

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>UAL</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Total Cost</u> <u>% Increase</u>
2021	1,379,376	240,000	1,896,233	3,515,609	23,903,382	
2022	1,441,448	240,000	2,009,942	3,691,389	23,580,660	5.0%
2023	1,506,313	240,000	2,129,646	3,875,959	23,113,025	5.0%
2024	1,574,097	240,000	2,255,660	4,069,757	22,483,690	5.0%
2025	1,644,931	240,000	2,388,314	4,273,245	21,674,334	5.0%
2026	1,718,953	240,000	2,527,954	4,486,907	20,664,971	5.0%
2027	1,796,306	240,000	2,674,946	4,711,252	19,433,813	5.0%
2028	1,877,140	240,000	2,829,675	4,946,815	17,957,126	5.0%
2029	1,961,611	240,000	2,992,545	5,194,156	16,209,063	5.0%
2030	2,049,883	240,000	3,163,980	5,453,863	14,161,499	5.0%
2031	2,142,128	240,000	3,344,428	5,726,557	11,783,842	5.0%
2032	2,238,524	240,000	3,534,361	6,012,884	9,042,832	5.0%
2033	2,339,257	240,000	3,734,271	6,313,529	5,902,327	5.0%
2034	2,444,524	240,000	2,323,071	5,007,596	2,323,071	-20.7%
2035	2,554,528	240,000		2,794,528	0	-44.2%

Appropriation payments assumed to be made July 1 of each fiscal year.

FY21 normal cost includes assumed expenses of \$360,000 and is assumed to increase 4.5% per year.

FY21 appropriation was maintained at the same level as the current schedule.